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Report of the Secretary-General**

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* A/57/150.

** The present report was submitted on this date so that the necessary updated information encompassing the latest developments in the multilateral trading system could be reflected herein.

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I. Introduction

1. The present report was prepared in accordance with General Assembly resolution 56/178 of 21 December 2001, in which the Assembly requested the Secretary-General, in collaboration with the secretariat of the United Nations Conference on Trade and Development (UNCTAD), to report to the Assembly at its fifty-seventh session on developments in the multilateral trading system as well as on other issues raised in that resolution. The reports of the Trade and Development Board, as well as other reports prepared by UNCTAD and submitted to the Assembly at its fifty-seventh session, provide additional information.

II. Developments in the multilateral trading system

Background

2. The Fourth Ministerial Conference of the World Trade Organization (WTO), held in Doha from 9 to 14 November 2001, took place against the background of stagnation and, in some cases, decline in international trade and the efforts made by Ministers can be seen as a key contribution to restoring confidence in the world economy. In 2001, world trade grew by less than 1 per cent in terms of the volume of world total exports, a substantial decline from growth of over 11 per cent in 2000. This slowdown came primarily from the decline in global demand for information and communication technology-related products, particularly in major developed economies. As the economic downturn intensified towards the end of 2001, deepened by the events of 11 September, the setback in international trade broadened to non-information and communication technology merchandise and to services, such as tourism and shipment.

3. With a gradual recovery in global economic activity over the course of 2002, world trade is expected to recover only modestly. The growth of international trade is likely to be in the region of only 3 per cent, mediocre performance by historical standards. The low growth in major markets is ominous for the exports of the developing countries and the revival of import demand from the major developed economies is unlikely to gain great momentum until the second half of 2002. Imports of the United States of America, the volume of which dropped by about 3 per cent in 2001, are expected to grow by only 2 per cent in 2002. Imports by Japan and the European Union are also expected to be slow. As a result, exports of many developing economies in Asia and Latin America, which were hit the most in 2001, are not expected to resume their full dynamism soon. Moreover, the increased costs of international transportation and insurance will be additional impediments for the recovery of international trade.

4. The recent export performance of primary commodity exporters, including the least developed countries, has been erratic and uncertain.[1] The international prices of some primary commodities are recovering, but most of these prices will stay in the range of their historical lows. For Africa in general, tourism receipts, which fell sharply in the aftermath of the terrorist attacks on the United States, are expected to recover slowly. African economies are expected to benefit from other improvements in their external conditions, including more progress in debt relief, additional preferential trade arrangements with developed countries for the exports from the region, such as the European Union's "Everything but Arms" initiative and the United States' African Growth and Opportunity Act, and an increase in official financial aid, as recently promised by some developed countries.

5. Recent trade interventions have had a somewhat negative effect on the atmosphere of the negotiations. However, current economic conditions and the sensitivity of international trade to economic recovery underline the importance of the WTO negotiations for putting the recovery on track.

Post-Doha work programme of the World Trade Organization

Overview

6. The Fourth Ministerial Conference of the World Trade Organization adopted a comprehensive work programme for WTO. The Ministerial Declaration itself launches immediate negotiations in several areas, continued work on the several other issues with a view to launching negotiations, subject to explicit consensus, at the Fifth Ministerial Conference, and further examination of some issues of key concern to developing countries (implementation, special and differential treatment, least developed countries, small

economies, trade and transfer of technology, and trade, debt and finance). The Ministers also adopted a declaration on the Agreement on Trade-Related Intellectual Property Rights (TRIPS Agreement) and public health, took decisions on implementation-related issues and concerns and agreed on waivers for the African, Caribbean and Pacific Group of States-European Union (ACP-EU) Partnership Agreement and the European Communities' transitional regime for imports of bananas of ACP origin. China acceded to full membership in WTO, as did Taiwan Province of China as the "Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei)".

7. The Doha work programme brings into the negotiations and regular work of WTO a more specific focus on matters of primary importance to developing countries. However, the translation of the development content in the work programme into concrete and effective multilateral disciplines will be critical for its success.

8. The Doha work programme established a tight timetable for its conclusion by 1 January 2005 as a "single undertaking" (whereby all parts of the outcome of negotiations form a single package binding on all WTO members). It includes both negotiation and non-negotiation work, with the negotiations undertaken in special sessions in various bodies under the overall supervision of the Trade Negotiations Committee. A "mid-term review" will be undertaken by the Fifth Ministerial Conference in Cancun, Mexico, from 10 to 14 September 2003, which is also to decide on launching negotiations, upon explicit consensus on the modalities, on a multilateral framework for cross-border investment, a multilateral framework to enhance the contribution of competition policy to international trade and development, a multilateral agreement on transparency in government procurement and negotiations on trade facilitation. There is high expectation from developing countries and least developed countries for the "development focus" of the Doha work programme to be effectively promoted and realized in the resulting rules and disciplines.

9. Preparations have been launched by Governments at national, regional and interregional levels to respond to the challenge of participating effectively in the Doha work programme. The President of the United States of America was accorded the Trade Promotion Authority in July 2002, providing the President with greater flexibility to negotiate trade agreements under the Doha work programme and other regional (Free Trade Area of the Americas) and bilateral (Chile and Singapore) agreements. The Trade Promotion Authority could bring new momentum to the Doha work programme. When the agriculture ministers from Australia, Canada, the European Union, Japan and the United States met in Japan in July 2002 to discuss approaches to the further liberalization of agriculture under the Doha work programme, there was mixed reaction to proposals by the United States for substantial liberalization of tariffs and subsidies. Australia has proposed to host a mini-ministerial meeting of trade ministers in November 2002 to assess progress achieved. The Ministerial Conference of Least Developed Countries, held in Cotonou, Benin, in August 2002, inter alia, reviewed work in WTO to address the marginalization of least developed countries and fully integrate them into the multilateral trading system. The Third Summit of African, Caribbean and Pacific Heads of State and Government held in Nadi, Fiji, in July 2002, directed the ACP Group to coordinate its participation in WTO and emphasized, inter alia, that trade liberalization in ACP States should be phased and sequenced in a progressive manner and accompanied by adequate supply-side supportive measures.[2] In Africa, the New Partnership for Africa's Development (NEPAD), inter alia, promotes a market access initiative geared to improving intra-African trade and increasing African countries' effective and strategic participation in the multilateral trading system.

10. It is important to note that the separate Ministerial Decision on Implementation-Related Issues and Concerns is, at least at a political level, an integral part of the package agreed in Doha.[3] This decision brings further clarifications and makes a series of recommendations with regard to provisions contained in the 1994 General Agreement on Tariffs and Trade (GATT), the agreements on Agriculture, Sanitary and Phytosanitary Measures, Textiles and Clothing, Technical Barriers to Trade, Trade-Related Investment Measures (TRIMS), Rules of Origin, Subsidies and Countervailing Measures, and TRIPS. The decision also covers anti-dumping, countervailing duties, sanitary and phytosanitary measures, non-actionable subsidies for developing countries, rules of origin, and customs valuation. Of particular importance for many developing countries was the agreement to encourage accelerated liberalization of the textiles and clothing sector and there was a commitment to exercise restraint

on the use of anti-dumping measures in the sector for two years after the full integration of the sector into WTO.

11. The decision on implementation may be viewed as a major achievement for developing countries in that the items they proposed for negotiations before the Seattle conference have all been included in the negotiations, many with short time frames for resolution, normally before the end of 2002. However, the decision also remits many issues, almost 20 of the items listed in the decision, back to different WTO bodies for resolution, within fixed, but differing time frames. How these issues are resolved will greatly influence the response of many developing countries to key issues before the Fifth WTO Ministerial Conference.

Agriculture

12. Before the Doha Ministerial Conference, the WTO negotiations on agriculture had already been under way for over one year and a half as part of the so-called "built-in agenda" agreed at the conclusion of the Uruguay Round. Following the launch of these negotiations in March 2000 and during the first phase of negotiations (from March 2000 to March 2001), negotiating issues covering the three broad areas of commitments (market access, export competition policies and domestic support) of the Uruguay Round Agreement on Agriculture were identified. A further 24 issues, covering many details of agricultural policy, were then selected for further in-depth discussions during the subsequent phase from April 2001 to March 2002.[4]

13. Negotiations up to the Doha Ministerial Conference had clarified differences between the negotiating positions of countries that advocate agricultural trade liberalization (e.g. the Cairns Group and the United States), on the one hand, and of countries that wish to maintain a high level of agricultural intervention, albeit for a variety of reasons (e.g. the European Union, Japan, Norway, Switzerland), on the other. In general, the position taken by many developing countries included the elimination of what they perceive as an imbalance in the current liberalization commitments, substantial improvement in market access to their agricultural exports and making agricultural liberalization more complementary to their development needs, such as food security, rural development and poverty alleviation. However, some divergences remain among developing countries: some groups propose strengthening the scope of the special and differential treatment, e.g. through the creation of a "Development Box", which could include the right to renegotiate the level of the Uruguay Round commitments; others are more concerned about the risk that enhanced flexibility for developing countries may create new trade barriers among developing countries.

14. The Doha Declaration set the following broad targets for agriculture: substantial improvements in market access; reductions of, with a view to phasing out, all forms of export subsidies; and substantial reductions in trade-distorting domestic support, "without prejudging the outcome of the negotiations". Special and differential treatment for developing countries is to be an integral part of all elements of negotiations and are mandatory ("... shall be embodied in the schedules of concessions and commitments and as appropriate in the rules and disciplines to be negotiated"), operationally effective and complementary to development needs. These criteria can be considered as a major breakthrough for developing countries, as agriculture remains one of their top priorities in the Doha agenda. In response to the concerns of some developing countries on the lack of implementation of the Marrakesh Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least Developed and Net Food-Importing Developing Countries (NFIDCs), an inter-agency panel of experts, established by the WTO Committee on Agriculture, has made recommendations, inter alia, to improve accessibility of the existing facilities provided by the IMF; and to examine further the feasibility of establishing an ex-ante borrowing facility to be provided to the private sector food importers in least developed countries and NFIDCs.[5]

15. The numerical targets and modalities for agriculture in the negotiations (e.g. the depth of cuts in tariffs, export subsidies and domestic supports and the phase-in period) are to be agreed by March 2003, to allow WTO members to submit their draft schedules of concessions before the Fifth Conference, to be held later in 2003. The negotiations will become technically more demanding for developing countries, as they need to ensure that the criteria of the special and differential treatment, as given in the Doha Declaration, be transformed into effective rights and obligations of

WTO members. Moreover, the busy schedule of meetings is demanding for developing countries with limited negotiating capacity in terms of human, administrative and/or financial resources, especially WTO members that are non-resident in Geneva and other least developed countries and small developing economies.

16. Other events, unfolding outside WTO, which may have wide implications on the ongoing negotiations, are worth noting. The first is that the European Union is currently undertaking a further review of the Common Agricultural Policy, including in the context of expansion and the WTO negotiations. Secondly, in the United States, the Farm Security and Rural Investment Act 2002 endorsed an increase in farm subsidies up to US$ 73.5 billion over the next 10 years, while the new Trade Promotion Authority Act provides for a special consideration for tariff concessions on United States agricultural products that are considered import-sensitive.

Industrial products

17. In Doha, Ministers agreed to begin negotiations on market access for industrial goods, aimed at reducing or eliminating tariff peaks, tariff escalation as well as non-tariff measures affecting all products and, in particular, products of interest to developing countries. While overall industrial tariffs are modest, tariff peaks and escalation are particularly prevalent in areas of export interest to developing countries and may be seen as hindering their efforts at expanding and diversifying their production and trade. Such high tariffs and escalation are particularly important in labour-intensive sectors, including textiles and clothing, footwear, leather goods, a number of basic manufactures, fish and fish products.

18. Some developing countries are concerned that having to make concessions in the new negotiations on industrial products could limit their scope for industrial development programmes. However, the Doha Declaration provides some leeway for these countries, noting the provisions of article XXVIII bis of GATT for less than full reciprocity by developing countries. Moreover, while there is considerable variability between products and regions, there is frequently a substantial gap between their applied and bound rates, which also provides a "comfort zone" against any significant new concessions developing countries might make in the negotiations.[6]

19. One issue of concern to a number of developing countries is the possible erosion of tariff preferences, such as those granted under the Generalized System of Preferences, other special arrangements and under regional trade agreements. The negative effects of such moves are likely to fall more heavily on beneficiaries of more substantial preferences, such as ACP countries and least developed countries. Although the absence of supply capacity has been a key constraint for many developing countries, especially the least developed countries, high tariff rates continue to be a problem in many areas of export interest to developing countries, as noted above. However, any trade losses through the erosion of preferences may be offset in part or in full by more general dynamic effects on the world economy. Moreover, developing countries may also be expected to gain from the erosion in intra-industrial country preferences, e.g. intra-European Union trade, European Union-European Free Trade Association trade and Canada-United States trade. Nevertheless, provision might usefully be made for possible negative effects in the implementation of the eventual agreed results of the new negotiations.

20. By mid-2002, no decisions had yet been made in WTO on the targets or modalities for negotiations in industrial products. The lack of progress may in part be linked to the pace of developments in other areas, such as special and differential treatment (see para. 43 below) and implementation of the results of the Uruguay Round.

Services

21. The negotiations on services are also taking place under the "built-in agenda" agreed at the end of the Uruguay Round, as incorporated in the Doha work programme. Paragraph 15 of the Doha Declaration provides for the negotiations on trade in services to be conducted with a view to promoting the economic growth of all trading partners and the development of developing and least developed countries. The Ministers recognized the work already undertaken in the negotiations, initiated in January 2000 under article XIX of the General Agreement on Trade in Services (GATS), and the large number of proposals submitted by members on a wide range of sectors and several horizontal issues, as well as on movement of natural persons. They reaffirmed the Guidelines and Procedures for the Negotiations on Trade in Services (S/L/93),[7] adopted by the Council for Trade in Services

on 28 March 2001, as the basis for continuing the negotiations, with a view to achieving the objectives of GATS, as stipulated in the preamble, article IV (Increasing Participation of Developing Countries) and article XIX (Progressive Liberalization). Under the Declaration, initial requests for specific commitments were to be submitted by 30 June 2002 and initial offers by 31 March 2003. The deadline for the conclusion of all the negotiations pursued under the Declaration is set for 1 January 2005 and the outcome of the negotiations on services will be treated as a part of a single undertaking (see para. 47 of the Declaration).

22. The negotiations are now entering a new phase where there will be more focus on market access negotiations rather than general discussion of the proposals at the Special Session of the Council for Trade in Services. Bilateral consultations on the requests for market access commenced in July 2002. Developed countries will most certainly be leading the process of request, as few developing countries have identified their specific sectoral and modal interests, the barriers to their exports and the impact of requests of developed countries on their services sectors. A small number of developing countries have already submitted requests to their trading partners. Acceding countries, as full participants in the negotiations, can address requests to WTO members and seek reciprocal benefits.

23. Over 150 sectoral and horizontal proposals are on the table for negotiations, mostly by developed countries. These proposals cover such horizontal issues as assessment of trade in services, article IV (Increasing Participation of Developing Countries), transparency in domestic regulation, small and medium-sized enterprises, most favoured nation exemptions, economic needs test (ENT), classification and mode of supply of natural persons. The sectoral proposals — covering practically all sectors — are not very specific in terms of market access and national treatment barriers, but demonstrate a high level of ambition by developed countries in terms of market opening. Proposals by developing countries mainly cover tourism, construction, telecommunication, financial services and distribution, audio-visual, energy, environment and movement of natural persons and computer-related services. The need to address both the social dimension of services and objectives of economic efficiency and international competitiveness poses a complex dilemma for developing countries in the negotiations.

24. The Doha Declaration mandated negotiations aimed at clarifying and improving disciplines and procedures under existing WTO provisions applying to regional trade agreements that shall take into account the developmental aspects of regional trade agreements. Negotiations are being undertaken within the Negotiating Group on Rules. In this respect, initial submissions by some members propose comprehensive review of relevant provisions in GATT 1994 article XXIV, GATS article V and the Enabling Clause; clarification of key benchmark requirements under these articles, while taking account of the development dimension of regional trade agreements; and improvement of the WTO oversight function over regional trade agreements in terms of procedural requirements (i.e. notification, reporting and examination procedures).

25. The negotiations provide an opportunity for developing countries to achieve commercially meaningful market access commitments in sectors and mode of supply of export interest to them, particularly labour intensive services, as well as to devise effective benchmarks for the implementation of article IV. However, tackling supply constraints and capacity-building are at least as important as market access.

Trade and investment

26. The Doha Declaration also included a work programme on the relationship between trade and investment (paras. 20-22). Ministers recognized the need for strengthened technical assistance in the pursuance of that mandate and explicitly referred to UNCTAD in this regard. In response to this mandate, the WTO Working Group on the Relationship between Trade and Investment (WGTI) has met to discuss scope and definition, transparency, development provisions, non-discrimination and pre-establishment commitments on a GATS-type positive list approach. The next meeting, scheduled for September 2002, is to discuss exceptions and balance-of-payments safeguards as well as procedures for consultations and settlement of disputes. Expectations are that in its subsequent meetings WGTI will return to these issues and begin to tackle issues such as the balance of the interests of home and host countries, the right to regulate in the public interest, the special development, trade and financial needs of developing and least developed

countries, and links to other relevant WTO provisions and existing bilateral and regional arrangements on investment. The discussions of the Working Group inform input into a possible investment decision scheduled for the next WTO Ministerial Meeting in 2003.

27. In response to the Doha mandate, UNCTAD has developed a new technical assistance project to help implement the mandate in close collaboration with WTO. The project involves three areas of activities that emerge, in order of priority, out of the elements identified in the Doha Declaration: policy analysis and development; human resources capacity-building; and institutional capacity-building. Under the project, a number of national and regional training courses, seminars and symposiums have been held jointly with WTO.

Trade and competition policy

28. Under this heading, the Doha Declaration recognized the case for a multilateral framework to enhance the contribution of competition policy to international trade and development and the need for enhanced technical assistance and capacity-building for developing and least developed countries, so that they may better evaluate the implications of closer multilateral cooperation for their development policies and objectives, and human and institutional development. To this end, they decided to work in cooperation with other relevant intergovernmental organizations, including UNCTAD. In the period until the Fifth WTO Ministerial Conference, further work of the WTO Working Group on the Interaction between Trade and Competition Policy was requested to focus on the clarification of core principles, including transparency, non-discrimination and procedural fairness, and provisions on hard-core cartels, as well as modalities for voluntary cooperation and support for progressive reinforcement of competition institutions in developing countries through capacity-building.

29. There is also the need to clarify the main issues and concerns of developing countries with the objective of helping them better evaluate the implications and to safeguard their interests in possible negotiations concerning a multilateral competition framework. In this regard, UNCTAD is collaborating closely with WTO in providing technical support to the developing countries.

Trade and environment

30. The Doha work programme includes negotiations on certain trade and environment issues as well as the continuation of the work of the Committee on Trade and Environment, including the identification of any need to clarify relevant WTO rules. Negotiations have started on the relationship between existing WTO rules and specific trade obligations set out in multilateral environmental agreements and liberalization of trade in environmental goods and services. These negotiations are taking place in special sessions of the Committee on Trade and Environment.

31. The Doha work programme includes other trade and environment issues of particular concern to the developing countries, in particular, the effects of environmental measures on market access and the interface between TRIPS and the Convention on Biological Diversity, including with respect to traditional knowledge. Discussions in the TRIPS Council concerning paragraph 19 of the Doha Declaration are also relevant in this context. The Committee on Trade and Environment is expected to issue a report to the Ministerial Conference at its fifth session (Mexico, September 2003) and make recommendations, where appropriate, with respect to future action, including the desirability of negotiations on these and other issues contained in paragraph 32 of the Declaration.

32. The Doha Declaration recognized the need for capacity-building in the field of trade and environment in favour of developing countries, in particular the least developed countries. UNCTAD, in cooperation with WTO and the United Nations Environment Programme, has launched a series of new projects aimed at, inter alia, enhancing the capacity of developing countries for policy-making and negotiations on key trade and environment-related issues.

Trade, debt and finance

33. The Doha Declaration called for the establishment of the Working Group on Trade, Debt, and Finance (para. 36), which, at its first meeting, on 12 April 2002, decided to start its work in an educational mode. The Working Group met in July 2002 to discuss trade and finance linkages. UNCTAD, the Asian Development Bank and the Organisation for Economic Cooperation and Development were invited to make presentations on this theme. The Working

Group has scheduled its next meeting on 30 September 2002 to discuss links between trade and external debt.[8]

Transfer of technology

34. Pursuant to paragraph 37 of the Doha Declaration, the Working Group on Trade and Transfer of Technology has been established under the auspices of the WTO General Council. The Working Group is to examine the relationship between trade and transfer of technology and any possible recommendations on steps that might be taken to increase flows of technology to developing countries. The Working Group met twice before the summer. According to the agreement reached in Doha, the Working Group should report to the fifth WTO Ministerial Conference on progress in its work.

35. The Doha Declaration puts emphasis on two central issues: (a) the relationship between trade and transfer of technology; and (b) possible measures that might be taken, within the mandate of WTO, to increase flows of technology to developing countries. Concerning the work programme of the Working Group, two proposals have been submitted so far. One proposal, submitted by 15 developing countries, referred to as terms of reference for the Working Group, intends to examine the issues of transfer of technology under five broad sub-headings: provisions of the WTO Agreements that relate to transfer of technology; analytical work; identification of areas of possible technical cooperation; areas where consensus-building could be sought; and cooperation with other organizations. The other proposal, presented by the European Communities as a work programme, aims at contributing to a discussion on the approach of the work programme. The European Communities suggest that, as a first step, the Working Group request that the WTO secretariat prepare an outline of (i) work of relevant WTO committees and working groups and (ii) existing international agreements, conventions and understandings or other relevant documentation, including that prepared by such other international organizations as UNCTAD, which could be of relevance to the work of the Working Group. UNCTAD was subsequently invited to make a presentation on its work on technology transfer.

Trade-Related Intellectual Property Rights (TRIPS)

36. The WTO TRIPS Council met in March 2002 to start work on a list of issues that Ministers had assigned to it in Doha. These include specific aspects of TRIPS and public health, geographical indications, protecting plant and animal inventions, biodiversity, traditional knowledge, the general review of the TRIPS Agreement, and technology transfer. Among the key substantive issues discussed were (i) compulsory licensing of drugs manufacture where a country in need has no domestic production capabilities and (ii) the possible application of geographic indicators to products other than wine and spirits. Discussions are ongoing, with recommendations to be made to the Trade Negotiations Committee before the end of 2002. Issues related to technology transfer are discussed in a separate section of the present document (see paras. 34 and 35 above).

37. In June 2002, the TRIPS Council extended until 2016 the transition period during which least developed countries do not have to provide patent protection for pharmaceuticals, thereby formalizing paragraph 7 of the Doha Declaration on the TRIPS Agreement and Public Health.

Government procurement

38. In Doha, WTO Ministers recognized the case for a multilateral agreement on transparency in government procurement and the need for enhanced technical assistance and capacity-building in this area. Negotiations are to take place after the next Ministerial Conference on the basis of a decision to be taken, by explicit consensus, on modalities of negotiations. These negotiations are to build on the progress made in the Working Group on Transparency in Government Procurement, established in 1996. Pursuant to the Ministerial Declaration, the Working Group met in May 2002 for further discussion on a number of elements that might form part of a multilateral agreement, in part to inform new members, and will meet again in October to conduct further discussion on remaining elements in the work programme. Various technical assistance seminars are being held on the theme.

Electronic commerce

39. At Doha, WTO Ministers agreed to continue the work programme on e-commerce established in 1998 (Geneva Ministerial Conference). A report on progress is to be made to the next Ministerial Conference. In the meantime, it was agreed to maintain the current practice of not imposing customs duties on electronic transmissions. In 2002, the Committee on Trade and Development held a seminar on revenue implications of e-commerce and one dedicated discussion on e-commerce was held under the auspices of the General Council, where e-commerce is a standing item. The main issue that continues to be debated relates to classification of e-commerce. A further meeting is planned for later in 2002.

Trade facilitation

40. At Doha, WTO Ministers agreed to begin negotiations on trade facilitation after their 2003 Conference on the basis of a decision to be taken, by explicit consensus, at that session on modalities. In the meantime, the WTO Council for Trade in Goods was to review and, as appropriate, clarify and improve relevant aspects of articles V, VIII and X of GATT 1994 and identify the trade facilitation needs and priorities of members, in particular developing and least developed countries. There was also provision for technical assistance in this area. Pursuant to the Ministerial Declaration, the WTO secretariat has been asked to prepare notes on the application of relevant GATT articles and these have been discussed at meetings of the Council for Trade in Goods in 2002. Discussion focused on a range of national submissions on country experiences, submissions by other organizations and WTO secretariat documents. Publication of trade regulations (GATT article X), fees and formalities (GATT article VIII) are among the topics covered so far. The Council will revert to these matters later in 2002.

Small economies

41. The Doha Declaration mandates the WTO General Council to examine problems relating to small economies and to make recommendations to the Fifth Ministerial Conference as to what trade-related measures could improve the integration of small economies into the multilateral trading system. In pursuance of this mandate, on 1 March 2002, the WTO General Council adopted a work programme on small economies. The work programme is being pursued in the dedicated sessions on small economies in the Committee on Trade and Development. Initial submissions on this topic focused on identifying trade-related issues of relevance to small economies under various WTO agreements.

Least developed countries

42. The Doha Declaration established a broad range of generic and specific mandates relating to arresting the marginalization of least developed countries and improving their participation in the multilateral trading system. The key objectives in advancing these goals include more meaningful market access, support for diversification of production and export bases, facilitating and accelerating accession negotiations, increased technical assistance and capacity-building through the Integrated Framework and the Joint Integrated Technical Assistance Programme (JITAP), annual review of the participation of least developed countries in the multilateral trading system, and mainstreaming into WTO, as appropriate, the trade-related aspects of the Programme of Action for the Least Developed Countries adopted by the Third United Nations Conference on the Least Developed Countries (Brussels, 14-20 May 2001).

Special and differential treatment

43. The Doha mandate requires that all special and differential treatment provisions shall be reviewed with a view to strengthening them and making them more precise, effective and operational. Work has started with a work plan. However the deadline for submission of a report was extended from 31 July 2002 to 31 December 2002, owing to limited progress in considering some 80 proposals submitted by June 2002 mainly by the developing countries, including one by the least developed countries and the African Group. In their submissions, developing countries are identifying and seeking more concrete and mandatory incorporation of special and differential provisions into WTO rules, a framework to allow trade preferences, differential obligations between developed and developing countries and least developed countries and small economies, and flexibility for developing countries in regional trade agreements with developed countries. In the discussions on various initial submissions, procedural issues have dominated the negotiations.

Technical cooperation and capacity-building

44. The Doha Declaration provided a mandate on technical assistance and capacity-building and endorsed the New Strategy for WTO Technical Cooperation for Capacity-Building, Growth and Integration. On the basis of this strategy, the Coordinated WTO Secretariat Annual Technical Assistance Plan 2002 was elaborated and endorsed by members for implementation. The Coordinated Plan clustered technical assistance activities into eight categories within which technical assistance is being delivered. These areas are: (i) mainstreaming and integrated framework; (ii) implementation; (iii) enhancing negotiating capacity; (iv) trade policy capacity-building; (v) accession; (vi) non-residents; (vii) information technology tools; and (viii) modernization of technical assistance tools. Financing for the Plan was secured with the approval by members of the Doha Development Agenda Global Trust Fund in December 2001, followed by the mobilization of the required funding at a pledging conference in March 2002.

45. WTO technical assistance is also provided through joint programmes with other international organizations, such as the International Trade Centre and UNCTAD through JITAP and the six agencies implementing the Integrated Framework.[9] Specifically, in respect of these two programmes, the Doha Ministerial Conference instructed the WTO Director-General to consult widely on ways of enhancing and rationalizing the Integrated Framework and JITAP.

III. The role of UNCTAD

46. The UNCTAD "positive agenda" programme was developed after the first WTO Ministerial Conference, held in Singapore in December 1996, to assist developing countries in trade negotiations. It was stepped up in the lead up to the Third Ministerial Conference in Seattle in November-December 1999 as well as in the preparations for Doha. The Commercial Diplomacy Programme, in particular, was launched by the Secretary-General of UNCTAD as an overall programme for all countries and all topics, supplemented by specific programmes on special topics and subgroups of countries, such as ACP, or through JITAP. Since Doha, UNCTAD technical assistance has been provided to developing countries, in particular least developed countries, to assist them in assessing the results of the Doha work programme and developing appropriate institutional capacity and technical knowledge to derive maximum benefit for their trade development and economic well-being. UNCTAD also supports developing countries in trade negotiations at the regional and interregional levels and in ensuring coherency between such negotiations and the Doha work programme.

47. Following the Doha meeting, UNCTAD, after consulting with member States, launched a technical cooperation programme to assist developing countries in addressing the Doha agenda. This programme, "Capacity-building and technical cooperation for developing countries, especially least developed countries, and economies in transition in support of their participation in the WTO Doha work programme", is being implemented with the support of donors. UNCTAD has carried out a project on diversification and commodity-based development, financed by the United Nations Development Account, where one of the main objectives has been to assist developing countries to improve their supply capacities for agricultural products.[10] UNCTAD is also working in support of the New African Initiative (renamed NEPAD), including in relation to the post-Doha agenda and market-access issues. Moreover it is supporting developing countries and countries in transition in the accession process.

48. In the post-Doha period, the multilateral dimension of international trade and development issues have formed a key part of the work of the intergovernmental machinery within UNCTAD X under the mandate of UNCTAD X. Intergovernmental expert meetings on agriculture, construction services, anti-dumping and energy services and the database and economic modelling work by the UNCTAD secretariat contributed to the elaboration of national positions on the issues involved and influenced the unfolding negotiations processes. Following Doha, the UNCTAD Commission on Trade in Goods and Services, and Commodities recommended that the Trade and Development Board review regularly developments and issues in the post-Doha work programme of particular concern to developing countries. The Board endorsed this recommendation and member States agreed that the first review, as specified above, would be carried out at the forty-ninth session (7-18 October 2002) of the Trade and Development Board (agenda item 6). Member States also agreed that the High-level

segment of the session would be on "How can the post-Doha process work best for development?" (agenda item 2).

IV. Conclusions

49. **The developing countries are participating actively in the WTO negotiations. However, following the negotiations, analysing positions put forth by others, developing ideas and formulating them in negotiating language and so on is putting the developing countries' capacity under a huge strain, despite the technical cooperation efforts of a number of agencies.**

50. **At this stage of the negotiations, there is a great deal of technical work being undertaken. Positive progress can be identified in some areas, particularly in services and agriculture, where negotiations had already begun in 2000 under the "built-in" agenda agreed at the end of the Uruguay Round in 1995, but elsewhere progress is slow. This is partly because of technical difficulties, including a heavy meeting agenda, as well as reconciling sometimes quite divergent positions. There is also a tactical dimension in that negotiators are unwilling to reveal their positions until the cross-sector, cross-theme balance becomes clearer. Recent policy initiatives by some industrialized WTO members have negatively affected the atmosphere of the negotiations, but current economic conditions make a successful outcome an imperative.**

51. **Whether or not the current WTO work programme agreed at Doha will achieve its development objectives remains to be seen. Achieving an equitable balance under the single undertaking will be critical. It will depend very much on efforts to accommodate the economic needs of the developing countries, particularly in relation to the special and differential treatment, transition periods, technical assistance and provision of social safety nets and other support for countries and sectors that might be negatively affected by the negotiated outcome. Much also depends on the resolution of outstanding matters related to the implementation of the Uruguay Round.**

Notes

[1] See A/57/381.

[2] Coordination in trade negotiations is of strategic importance to the ACP Group, as the Group and the European Union will launch negotiations in September 2002, which will last until December 2007, on new WTO-compatible trading arrangements.

[3] See WTO document WT/MIN(01)/17 of 20 November 2001.

[4] For details, see http://www.wto.org/english/tratop_e/agric_e/negs_bkgrnd00_contents_e.htm.

[5] For further details, see A/57/381.

[6] This gap results from cutting applied most-favoured-nation tariffs under unilateral reforms by developing countries in the last 10-15 years.

[7] See WTO document S/L/93.

[8] In compliance with General Assembly resolution 56/184, the report of the Secretary-General entitled "The external debt crisis and development" (A/57/253) has been prepared for submission to the Assembly at its fifty-seventh session.

[9] The agencies are: WTO, UNCTAD, the World Bank, IMF, ITC and UNDP.

[10] For details, see http://www.unctad.org/infocomm/Diversification/index.htm.